COVID-19 Puts Focus on Operational Resiliency and Cloud Usage

The Coronavirus pandemic has shaken the insurance industry and the entire world, and looks likely to continue its impact at least through the end of 2020. Unfortunately, pandemics in general, and the Coronavirus pandemic in particular, have become somewhat common occurrences, with the current 2020 outbreak following the MERS Coronavirus epidemic in 2012 and the SARS Coronavirus epidemic in 2002.

With a global economy and increased speed and frequency of global travel, insurance companies need to not just rely on business continuity plans that maintain their existing operational capabilities, but achieve a new, necessary level of automation and operational resiliency. This means taking more aggressive steps to modernize core systems and move these core and related peripheral systems to the public cloud.

According to Celent, about 66% of insurance companies have invoked existing business continuity plans. Even those insurance companies that have not invoked formal business continuity plans now operate as if they had. 87% have mandated a work from home policy, with only "essential on-site employees" being excepted. Essential, on-site employees typically support infrastructure, mail/imaging, check printing, and cash collection.

Unfortunately, these employees put themselves at risk to be on-site and compromise the social distancing that protects them and those around them. Group/voluntary benefits and other insurance companies need to address this within their current and future technology plans. Within the North American group/voluntary benefits market, Vitech already sees a strong trend toward modernized, core systems deployed via the public cloud. Given the current and future impact of pandemics, accelerating plans to move core administrative and peripheral systems to the public cloud will significantly reduce the need for on-site only infrastructure management while increasing overall operational resiliency. Modernizing core systems will enable increased straight through processing, significantly reducing or eliminating, for example, the need for on-site mail room, check imaging, and cash collection employees.

In an existing and future world where work and day-to-day activities require more remote access, modernized core systems will also enable next generation, omnichannel, self-servicing capabilities for end customers and reduce the need for large, on-site call centers. Core administration and digital customer service solutions that leverage Amazon/AWS and other credible public cloud providers will provide not only increased operational resiliency and infrastructure scalability, but also next generation types of predictive analytics offerings for increased customer engagement, risk management, and process efficiency.

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Vitech already sees early industry interest in cloud-enabled predictive analytics use cases like:

1. **A proactive approach to cross-selling, upselling voluntary benefits products,** using existing employee data with the support and permission of their employers.

2. **A more accurate approach to underwriting life insurance and disability cases,** using only employee census data.

3. **A more effective approach to employee engagement and wellness programs** using existing claims data. For example, predictive models are being built to predict Type 2 diabetes, and also identify associated complications, such as renal disease, to allow for wellness program support.

4. **A more structured, automated approach to processing disability claims** by analyzing unstructured first notice of loss data and then assigning and triaging the claims in an optimized way, as already occurs for personal lines, property and casualty claims.

CONCLUSION

As group/voluntary benefits insurance companies gain more confidence in their ability to weather the current pandemic outbreak and resume normal operations, Vitech expects accelerated investments in modernized, pubic cloud-deployed core systems with embedded digital and analytics to protect employees, increase operational resiliency to a new, necessary level, and prepare for the future competitive landscape.

ABOUT VITECH

Vitech is a global provider of cloud-based benefit and investment administration software. We help our clients expand their offerings and capabilities, streamline their operations, gain analytical insights, and transform their engagement models. Vitech employs over 1,200 professionals serving over 100 of the world's most successful insurance, retirement and investment organizations. An innovator and visionary, Vitech has been recognized by Gartner as a Magic Quadrant "Leader" for three years running and by Celent as a three-time XCelent award winner. For more information, please contact us at info@vitechinc.com or visit our website at www.vitechinc.com.